

MT LEGISLATIVE HISTORY

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Chapter 281 1981

Bill (H) 499 S _____

Original bill & hist. ☒ C

H. Committee on Business & Labor

S. Committee on Business & Industry

Hearing Date(s) FEB 10 ☒ C

Hearing Date(s) MAR 12 ☒ C

FEB 11 ☒ C

_____ ☐ C

_____ ☐ C

_____ ☐ C

_____ ☐ C

_____ ☐ C

Date Out FEB 11 ☒ C

MAR 12 ☒ C

Did this bill originate in an interim committee? ☐ Yes ☐ No

Committee _____

Report _____

HOUSE BILL NO. 499

INTRODUCED BY SANDS

BY REQUEST OF THE STATE AUDITOR

IN THE HOUSE

JANUARY 28, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON BUSINESS & LABOR.
FEBRUARY 11, 1987	COMMITTEE RECOMMEND BILL DO PASS. REPORT ADOPTED.
FEBRUARY 12, 1987	PRINTING REPORT.
FEBRUARY 13, 1987	SECOND READING, DO PASS.
FEBRUARY 14, 1987	ENGROSSING REPORT.
	THIRD READING, PASSED. AYES, 94; NOES, 0.
	TRANSMITTED TO SENATE.

IN THE SENATE

FEBRUARY 16, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON BUSINESS & INDUSTRY.
MARCH 13, 1987	COMMITTEE RECOMMEND BILL BE CONCURRED IN. REPORT ADOPTED.
MARCH 17, 1987	SECOND READING, CONCURRED IN.
MARCH 19, 1987	THIRD READING, CONCURRED IN. AYES, 49; NOES, 0.
	RETURNED TO HOUSE.

IN THE HOUSE

MARCH 19, 1987	RECEIVED FROM SENATE.
	SENT TO ENROLLING.

1 by the credit transaction;

2 (i) for the purpose of replacing such insurance; and

3 (ii) without the prior written consent of the borrower;

4 (e) require any procedures or conditions of licensed
5 agents, solicitors, or insurers not customarily required of
6 those agents, solicitors, or insurers affiliated or in any
7 way connected with the person who lends money or extends
8 credit.

9 (3) Each person who lends money or extends credit and
10 who solicits insurance on real and personal property subject
11 to subsection (2) of this section must explain to the
12 borrower in writing that the insurance related to such
13 credit extension may be purchased from an insurer or agent
14 of the borrower's choice, subject only to the lender's right
15 to reject a given insurer or agent as provided in subsection
16 (2)(b). Compliance with disclosures as to insurance
17 required by truth-in-lending laws or comparable state laws
18 shall be compliance with this subsection.

19 (4) The commissioner may examine and investigate those
20 insurance-related activities of any person which may be in
21 violation of this section. Any affected person may submit to
22 the commissioner a complaint or material pertinent to the
23 enforcement of this section.

24 (5) Nothing herein prevents a person who lends money
25 or extends credit from placing insurance on real or personal

1 property in the event the mortgagor, borrower, or purchaser
2 has failed to provide required insurance in accordance with
3 the terms of the loan or credit document.

4 (6) Nothing contained in this section applies to
5 credit life or credit accident and health insurance."

6 NEW SECTION. Section 2. Extension of authority. Any
7 existing authority of the commissioner of insurance to make
8 rules on the subject of the provisions of this act is
9 extended to the provisions of this act.

-End-

APPROVED BY COMM. ON
BUSINESS AND LABOR

1 House BILL NO. 499
 2 INTRODUCED BY Sandoz
 3 BY REQUEST OF THE STATE AUDITOR

4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT PROHIBITING LENDERS
 6 FROM USING OR DISCLOSING INFORMATION WITH RESPECT TO A LOAN
 7 OR EXTENSION OF CREDIT INVOLVING CREDIT INSURANCE; AND
 8 AMENDING SECTION 33-18-501, MCA."

9
 10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

11 Section 1. Section 33-18-501, MCA, is amended to read:

12 "33-18-501. Lenders -- restrictions on solicitation,
 13 rejection, charges, and disclosure -- favoring agent
 14 prohibited. (1) No person may require as a condition
 15 precedent to the lending of money or extension of credit or
 16 any renewal thereof that the person to whom such money or
 17 credit is extended or whose obligation a creditor is to
 18 acquire or finance negotiate any contract of insurance or
 19 renewal thereof through a particular insurer or group of
 20 insurers or agent or solicitor or group of agents or
 21 solicitors.

22 (2) No person who lends money or extends credit may:

23 (a) solicit insurance for the protection of real
 24 property, after a person indicates interest in securing a
 25 first-mortgage credit extension, until such person has

1 received a commitment in writing from the lender as to a
 2 loan or credit extension;

3 (b) unreasonably reject a contract of insurance
 4 furnished by the borrower for the protection of the property
 5 securing the credit or lien. A rejection is not
 6 unreasonable if it is based on reasonable standards,
 7 uniformly applied, relating to the extent of coverage
 8 required and the financial soundness and the services of an
 9 insurer. Such standards may not discriminate against any
 10 particular type of insurer or call for rejection of an
 11 insurance contract because the contract contains coverage in
 12 addition to that required by the credit transaction.

13 (c) require that any borrower, mortgagor, purchaser,
 14 insurer, solicitor, or agent pay a separate charge in
 15 connection with the handling of any contract of insurance
 16 required as security for a loan on real estate or pay a
 17 separate charge to substitute the insurance policy of one
 18 insurer for that of another. This subsection (2)(c) does not
 19 include the interest which may be charged on premium loans
 20 or premium advancements in accordance with the terms of the
 21 loan or credit document.

22 (d) use or disclose ~~without the prior written consent~~
 23 ~~of the borrower, mortgagor, or purchaser,~~ information taken
 24 ~~at a time other than the making of the loan or extension of~~
 25 credit relative to a contract of insurance which is required

by the credit transaction;

(i) for the purpose of replacing such insurance; and

(ii) without the prior written consent of the borrower;

(e) require any procedures or conditions of licensed agents, solicitors, or insurers not customarily required of those agents, solicitors, or insurers affiliated or in any way connected with the person who lends money or extends credit.

(3) Each person who lends money or extends credit and who solicits insurance on real and personal property subject to subsection (2) of this section must explain to the borrower in writing that the insurance related to such credit extension may be purchased from an insurer or agent of the borrower's choice, subject only to the lender's right to reject a given insurer or agent as provided in subsection (2)(b). Compliance with disclosures as to insurance required by truth-in-lending laws or comparable state laws shall be compliance with this subsection.

(4) The commissioner may examine and investigate those insurance-related activities of any person which may be in violation of this section. Any affected person may submit to the commissioner a complaint or material pertinent to the enforcement of this section.

(5) Nothing herein prevents a person who lends money or extends credit from placing insurance on real or personal

property in the event the mortgagor, borrower, or purchaser has failed to provide required insurance in accordance with the terms of the loan or credit document.

(6) Nothing contained in this section applies to credit life or credit accident and health insurance."

NEW SECTION. Section 2. Extension of authority. Any existing authority of the commissioner of insurance to make rules on the subject of the provisions of this act is extended to the provisions of this act.

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22 (2) No person who lends money or extends credit may:

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24 property, after a person indicates interest in securing a
25 first-mortgage credit extension, until such person has

1 received a commitment in writing from the lender as to a
2 loan or credit extension;

3 (b) unreasonably reject a contract of insurance
4 furnished by the borrower for the protection of the property
5 securing the credit or lien. A rejection is not
6 unreasonable if it is based on reasonable standards,
7 uniformly applied, relating to the extent of coverage
8 required and the financial soundness and the services of an
9 insurer. Such standards may not discriminate against any
10 particular type of insurer or call for rejection of an
11 insurance contract because the contract contains coverage in
12 addition to that required by the credit transaction.

13 (c) require that any borrower, mortgagor, purchaser,
14 insurer, solicitor, or agent pay a separate charge in
15 connection with the handling of any contract of insurance
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A BILL FOR AN ACT ENTITLED: "AN ACT PROHIBITING LENDERS FROM USING OR DISCLOSING INFORMATION WITH RESPECT TO A LOAN OR EXTENSION OF CREDIT INVOLVING CREDIT INSURANCE; AND AMENDING SECTION 33-18-501, MCA."

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(2) No person who lends money or extends credit may:

(a) solicit insurance for the protection of real property, after a person indicates interest in securing a first-mortgage credit extension, until such person has

received a commitment in writing from the lender as to a loan or credit extension;

(b) unreasonably reject a contract of insurance furnished by the borrower for the protection of the property securing the credit or lien. A rejection is not unreasonable if it is based on reasonable standards, uniformly applied, relating to the extent of coverage required and the financial soundness and the services of an insurer. Such standards may not discriminate against any particular type of insurer or call for rejection of an insurance contract because the contract contains coverage in addition to that required by the credit transaction.

(c) require that any borrower, mortgagor, purchaser, insurer, solicitor, or agent pay a separate charge in connection with the handling of any contract of insurance required as security for a loan on real estate or pay a separate charge to substitute the insurance policy of one insurer for that of another. This subsection (2)(c) does not include the interest which may be charged on premium loans or premium advancements in accordance with the terms of the loan or credit document.

(d) use or disclose, without the prior written consent of the borrower, mortgagor, or purchaser, information taken at a time other than the making of the loan or extension of credit relative to a contract of insurance which is required

1 by the credit transaction;

2 (i) for the purpose of replacing such insurance; and

3 (ii) without the prior written consent of the borrower;

4 (e) require any procedures or conditions of licensed
5 agents, solicitors, or insurers not customarily required of
6 those agents, solicitors, or insurers affiliated or in any
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7 existing authority of the commissioner of insurance to make
8 rules on the subject of the provisions of this act is
9 extended to the provisions of this act.

-End-

STATUS SHEET

50th LEGISLATIVE SESSION

BUSINESS AND LABOR

COMMITTEE

HOUSE BILL NUMBER	ENTERED COM. DATE	DATE CON- SIDERED	OUT OF COM.	DO PASS DATE	DO NOT PASS DATE	DO PASS AS AMENDED DATE	DO NOT PASS AS AMENDED DATE	BE CON- CURRED IN DATE	BE NOT CON- CURRED IN DATE	BE CON- CURRED IN AMENDED DATE	BE NOT CONCURRED IN AS AMENDED DATE
439	1/24/87	2/4/87	2/4/87			2/4/87					
440	1/24/87	2/4/87	2/4/87	2/4/87							
441	1/24/87	2/4/87	2/4/87	2/4/87							
443	1/24/87	2/5/87	2/10/87			2/10/87					
449	1/27/87	2/17/87	2/17/87			2/17/87					
466	1/27/87	2/18/87	2/18/87	2/18/87							
471	1/27/87	1/30/87	2/9/87			2/9/87					
473	1/27/87	2/10/87	2/9/87	2/9/87							
475	1/27/87	2/10/87	2/14 referred to	Judiciary							
476	1/29/87	2/10/87	2/11/87			2/11/87					
487	1/30/87	2/10/87	2/11/87	2/11/87							
488	1/30/87	2/11/87	2/11/87			2/11/87					
497	1/30/87	2/11/87	2/11/87				2/11/87				
499	1/30/87	2/10/87	2/11/87	2/11/87							

HOUSE BILL NO. 499 - Prohibit Disclosure of Loan Information Involving Credit Insurance, sponsored by Rep. Jack Sands, House District 90, Billings. Rep. Sands stated this bill was at the request of the State Auditor and makes a small change in the statutes regarding information which may be disclosed by lenders. He said the bill provides that the information obtained for the purposes of acquiring insurance cannot be released at any time without the written consent of the borrower. It broadens the disclosure and makes it more meaningful, he added, and the information obtained is obtained when the loan is made or credit is extended.

PROPONENTS

Kathy Irigoin, Montana Insurance Department, State Auditor's Office. Ms. Irigoin stated the department strongly supports the bill.

Chairman Kitselman stated in order to be consistent with other policies, in the future, the departments could stand as a proponent or opponent for informational purposes only.

OPPONENTS

None.

QUESTIONS

Rep. Driscoll asked to whom the organizations gave the information. Rep. Sands replied they could give it to a credit reporting agency or to another bank for the purpose of establishing somebody's credit rating.

Rep. Driscoll asked if it would not be better if they would not be allowed to give it to anyone, they could give information as to whether or not the loan was rejected or accepted, but not credit life insurance. Rep. Sands responded that this part of the codes deals with loans obtained in the course of securing insurance, and is a part of the insurance code and not a part of the general financial lending regulations.

CLOSING

Rep. Sands made no further comments.

HOUSE BILL NO. 570 - Allow Retail Golf Course All-Beverage License for Private and Public Courses, sponsored by Rep. Raymond Brandewie, House District 49, Bigfork. Rep. Brandewie stated that if the golf course has an all beverage license they could serve beer instead of only soft drinks on the golf course and within the boundaries of the course.

DAILY ROLL CALL

BUSINESS & LABOR

COMMITTEE

90th LEGISLATIVE SESSION -- 1987

Date February 10, 1987

NAME	PRESENT	ABSENT	EXCUSED
REP. LES KITSELMAN, CHAIRMAN	✓		
REP. FRED THOMAS, VICE-CHAIRMAN	✓		
REP. BOB BACHINI	✓		
REP. RAY BRANDEWIE	✓		
REP. JAN BROWN	✓		
REP. BEN COHEN	✓		
REP. JERRY DRISCOLL	✓		
REP. WILLIAM GLASER	✓		
REP. LARRY GRINDE	✓		
REP. STELLA JEAN HANSEN	✓		
REP. TOM JONES	✓		
REP. LLOYD MCCORMICK	✓		
REP. GERALD NISBET	✓		
REP. BOB PAVLOVICH	✓		
REP. BRUCE SIMON	✓		
REP. CLYDE SMITH	✓		
REP. CHARLES SWYSGOOD	✓		
REP. NORM WALLIN	✓		

0-9 A-Z

DATE February 10, 1987

OPPOSE

X

CS-33

Rep. Simon commented that the whole concept could get into a protectionism situation where there could be barriers between the states and would be restrictive to trade.

Rep. Hansen stated that liquor was controlled by the state, and this was a unique situation.

Rep. Driscoll moved that House Bill No. 574 DO PASS. The motion carried with Reps. Glaser, Grinde, Kitselman, Simon, Thomas, and Wallin opposed.

ACTION ON HOUSE BILL NO. 499

Rep. Glaser moved that House Bill No. 499 DO PASS. The motion carried unanimously.

ACTION ON HOUSE BILL NO. 497

Rep. Brandewie moved that House Bill No. 497 DO NOT PASS.

Rep. Swysgood moved the amendment to strike "and livestock" where it appears in the bill. The motion carried unanimously.

Rep. Cohen moved the amendments proposed by the Secretary of State's Office.

Mr. Verdon commented that the amendments proposed by the Secretary of State's Office referred to Senate Bill No. 114, and those provisions were not known if that bill passed. He felt that the committee should wait until Senate Bill No. 114 was heard.

Rep. Cohen withdrew his motion to adopt the amendments proposed by the Secretary of State's Office.

Rep. Simon moved that House Bill No. 497 be TABLED. The motion failed.

Rep. Brandewie commented on his motion of Do Not Pass. He stated it appeared that the fertilizer and fuel suppliers wanted to sell their products and then jump ahead of everyone else in order to collect their money. He said everyone dealing with farm credit has to consider a person's financial situation and these people shouldn't be allowed to be in first position in getting paid as a result of a law.

Rep. Simon commented he was in favor of the Do Not Pass motion for the same reasons as Rep. Brandewie. He said the bill was not the way to solve the problems with liens.

DAILY ROLL CALL

BUSINESS & LABOR

COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date February 11, 1987

NAME	PRESENT	ABSENT	EXCUSED
REP. LES KITSELMAN, CHAIRMAN	✓		
REP. FRED THOMAS, VICE-CHAIRMAN	✓		
REP. BOB BACHINI	✓		
REP. RAY BRANDEWIE	✓		
REP. JAN BROWN	✓		
REP. BEN COHEN	✓		
REP. JERRY DRISCOLL	✓		
REP. WILLIAM GLASER	✓		
REP. LARRY GRINDE	✓		
REP. STELLA JEAN HANSEN	✓		
REP. TOM JONES	✓		
REP. LLOYD MCCORMICK	✓		
REP. GERALD NISBET	✓		
REP. BOB PAVLOVICH	✓		
REP. BRUCE SIMON	✓		
REP. CLYDE SMITH	✓		
REP. CHARLES SWYSGOOD	✓		
REP. NORM WALLIN	✓		

STANDING COMMITTEE REPORT

February 11

19 37

Mr. Speaker: We, the committee on BUSINESS AND LABOR

report HOUSE BILL NO. 499

☒ do pass

☐ do not pass

☐ be concurred in

☐ be not concurred in

☐ as amended

☐ statement of intent attached

REP. LES KITSelman

Chairman

MM
FIRST

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color

FINAL COMMITTEE REPORT OF REFERRED BILLS
COMMITTEE--(S) BUSINESS & INDUSTRY

RUN TIME 00:08:32
RUN DATE 04/22/87

CHAIRMAN--SEN. ALLEN C. KOLSTAD
NORMAL SCHEDULE==> SITE: ROOM 410

DAYS: MON THRU FRI TIME: 10:00 A.M.

SECRETARY-CAROLYN LINDEN

--BILL NO--	REFER DATE	HEARING DATE	CONSIDERATION DATES	COMMITTEE ACTION	REREFERRED TO COMM	DATE OUT
HB0499	2/16	3/12	3/12/87	CONCUR		3/12/87
SANDS, JACK			PROHIBIT DISCLOSURE OF LOAN INFORMATION INVOLVING CREDIT INSURANCE			
HB0505	2/17	3/11	3/11/87	CONCUR		3/11/87
MENAHAN, RED			REVISING ACUPUNCTURIST LICENSING REQUIREMENTS			
HB0507	2/16	3/10	3/10/87	CONCUR		3/10/87
CAMPBELL, BUD			ALLOW WAIVER OF CERTAIN BONDS ON CONSTRUCTION CONTRACTS UNDER \$5,000			
HB0519	2/19	3/19	3/19/87; 3/23/87	CONCUR		3/23/87
O'CONNELL, HELEN			REVISE UNISEX INSURANCE LAW			
HB0537	2/16	3/18	3/18/87	CONCUR		3/18/87
PATTERSON, JOHN			ELIMINATING FILING ANNUAL STATEMENTS WITH COUNTY CLERK			
HB0569	2/11	3/10	3/10/87; 3/11/87	CONCUR		3/11/87
GRADY, ED			EXPAND APPLICABILITY OF RESIDENCY DEFINITION USED IN PREFERENCE LAWS			
HB0570	2/23	3/06	3/6/87; 3/10/87; 3/23/87	CONCUR AS AMENDED		3/23/87
BRANDIEWIE, RAY			ALLOW RETAIL GOLF COURSE ALL-BEVERAGE LICENSE FOR PRIVATE & PUBLIC COURSES			
HB0574	2/17	3/13	3/13/87	CONCUR		3/13/87
PAVLOVICH, BOB			REQUIRE CERTAIN LIQUOR VENDORS & BROKERS TO EMPLOY RESIDENT REPRESENTATIVES			
HB0585	2/19	3/06	3/6/87	CONCUR		3/6/87
BRADLEY, DOROTHY			REMOVE AREA RESTRICTIONS ON TELEPHONE COOPERATIVES			
HB0586	3/02	3/16	3/16/87; 3/20/87; 3/26/87 3/27/87	CONCUR	BUSINESS & LABOR	3/27/87
GOULD, BUDD			MODIFY MARKETING ARRANGEMENTS FOR TABLE WINE			
HB0586	3/30	3/31	3/31/87	CONCUR AS AMENDED		3/31/87
GOULD, BUDD			MODIFY MARKETING ARRANGEMENTS FOR TABLE WINE			

He said they could certainly refer the person to other qualified therapists to follow up on the initial contact. This bill would prevent retaliation by a pharmacist, or his family, who did not appreciate the intervention and help. He said if there is cooperation the system works but they need to have the full support of the state; then they would have no fear of doing this.

Chairman Kolstad asked if the bill should pass would it be reflected on their liability insurance rates. Mr. Likewise replied that it probably would not. He said he doubted very seriously if it would have any effect on those rates.

Sen. Neuman asked how large a problem this was - pharmacists taking their own drugs. Mr. Likewise said that statistics have shown that approximately 10% of the population is at risk for chemical dependency, and that could be either drugs or alcohol. If that would follow through, that would mean 60 pharmacists in the state were at risk - that doesn't mean that 60 pharmacists are involved - it means that percentage would be at risk.

There being no further questions, Rep. Brown closed her presentation on HB 165.

DISPOSITION OF HOUSE BILL NO. 165: Sen. Thayer MOVED HB 165 BE CONCURRED IN, seconded by Sen. Walker. The MOTION CARRIED UNANIMOUSLY.

CONSIDERATION OF HOUSE BILL NO. 499: Rep. Jack Sands, House District 90, Billings, chief sponsor, said the purpose of the bill is to prohibit a lender from disclosing credit insurance information to a replacing insurer regardless of when it obtained the information. The lender disclosure prohibition of the bill is limited to the disclosure of credit insurance information for the purpose of replacing the credit insurance. The lender disclosure prohibition of HB 499 merely prevents the dissemination of private financial information to credit insurance companies unless the borrower has consented in writing. The bill was requested by the State Auditor.

PROPOSERS: Kathy Irigoin, State Auditor's Office, appeared as a proponent of the bill and submitted written testimony. (EXHIBIT 6)

OPPOSERS: There were no opponents.

DISCUSSION OF HOUSE BILL NO. 499: Chairman Kolstad called for questions from the committee. Sen. Neuman asked if there was a penalty as he did not see it in the bill. Ms. Irigoin said there is a general penalty provision in the insurance code in the first chapter. However, she said they had no jurisdiction over the lenders but they could impose a \$500 fine on anybody violating the insurance code. She said they would

probably have to go after the insurance company that got the information.

Sen. Neuman pointed out to Ms. Irigoin if HB 240 should pass that would go up to \$25,000. She replied that is only for violation of the insurance code by an insurance company.

There being no further questions from the committee, Rep. Sands closed his presentation of HB 499.

DISPOSITION OF HOUSE BILL NO. 499: Sen. Weeding MOVED HB 499 BE CONCURRED IN, seconded by Sen. Hager. The MOTION CARRIED UNANIMOUSLY.

EXECUTIVE SESSION:

DISPOSITION OF HOUSE BILL NO. 240: Chairman Kolstad noted that HB 240 had been held over several days to determine what was to be done with it.

Sen. Walker asked Randy Gray, as Mr. Robischon said, that putting sections 7 and 8 would be a duplication of services as it was covered in other sections, if that was correct. He replied that was their opinion; that 7 and 8 were included in #6.

Sen. Neuman MOVED THAT HB 240 BE CONCURRED IN, seconded by Sen. Boylan. Sen. Neuman felt if the amendments were adopted it would turn the bill back to the current law and nothing would be accomplished. Sen. Weeding asked that it be entered into the minutes that the committee understood sections 7 and 8 are already covered in section 6, therefore, sections 7 and 8 were considered unnecessary.

Sen. Williams asked Mr. Gray what it would do to the bill if only section 7 was added. Mr. Hoyt replied that when the bill was first introduced in the House there were only four of the 14 subparts of the fair claims practices act covered by the bill. They felt those four subparts covered by this bill were the most outrageous conduct that insurance agents could engage in. Now, as the bill has come out of the House, they added two more sections. He said that each time a new section of the fair claims practices act is added in, it detracts from the basic purpose of the bill.

Mr. John Hoyt was asked to respond to this and he said that Mr. Robischon had testified that subsection 7 and 8 were actually included in the other subsections that are in the present bill. If that was true, 7 and 8 were unnecessary; however, if that is the case, why did they oppose sections 7 and 8. He said there was something inconsistent with that position concerning those sections. He said they had proposed some amendments which had met with opposition and suggested a compromise; that the amendments they had proposed not be passed but that subsection 7 be reinserted into the bill.

Business & Industry COMMITTEE

50th LEGISLATIVE SESSION -- 1987

Date 3/12/87

NAME	PRESENT	ABSENT	EXCUSED
ALLEN C. KOLSTAD, CHAIRMAN	✓		
TED NEUMAN, VICE CHAIRMAN	✓		
PAUL BOYLAN	✓		
TOM HAGER	✓		
HARRY H. McLANE	✓		
DARRYL MEYER	✓		
GENE THAYER	✓		
MIKE WALKER	✓		
CECIL WEEDING	✓		
BOB WILLIAMS	✓		

Each day attach to minutes.

COMMITTEE ON

DATE 3/12/87
Business & Industry

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
JUDITH H CARLSON	NASW, MT CAPITOL	823	X	
Robert D. Campbell	Self-Advisor to MSPHA	HB 165	X	
Alexis Waldman	Mental Health Centers	823	X	
John H. Hinds	Mental Health Center - Billings	823	X	
Theresa E. Clarke	Mont. M. H. Council	823	X	
Dave Briggs	Mental Health - Helena	825	X	
Theresa E. Clarke	Mental Health Center	823	X	
J. V. Thibodeau	Mental Health Center	823	X	
Glenn H. Hinds	MENTAL HEALTH CENTER - GTFM	823	X	
Dick Hinds	✓ ✓ ✓ ✓	823	X	
Ramona Turnbull	✓ ✓ ✓ ✓	823	X	
Scott Mangum	✓ ✓ - -	823	X	
Frank L. Lusk	Northern Mont. NAHA	823	X	
Don L. Lusk	Health Ins. Assoc. of America	823		X
Mike Murray	Chemical Dependency Program	823	X	
ROBERT THROSSSELL	STATE AUDITOR	823	X	
Holly Kalcyns	MT Psychological Assoc. MT Mental Health Assoc. Bismarck	823	X	
Robert H. Lihewic	MSPHA	HB 165	X	
Bill Warfield	Mental Health Services Inc. (Board chm.)	823	X	
Bob White	WESTERN STATES INS	240	X	
Roger McGlenn	INDEPENDENT INS. AGENTS Assoc. OF MT	240	X	
Carly Gray	State Farm + NAII	240	X	
Kathy Irigoin	State Auditor's Office	240 499	X	
Ellen Decker	Am. Ins. Ass'n	240	X	
Bonnie L. Lusk	Alliance of Ins. Insurers	240	X	
John C. Hays				X

(Please leave prepared statement with Secretary)

WRITTEN TESTIMONY OF STATE AUDITOR'S OFFICE
HOUSE BILL 499
March 10, 1987

I. Background

The statute being amended by HB 499 prohibits lenders from disclosing credit insurance information obtained other than at the time of making a loan unless the lender obtains prior written consent of the borrower. The statute being amended permits a lender to disclose credit insurance information, without obtaining the borrower's prior written consent, if the lender obtained the information at the time of making the loan. A lender obtains the majority of a person's credit insurance information at the time of making a loan. The present law, therefore, permits a lender to disclose to a replacing insurer the majority of a person's credit insurance information without obtaining the person's prior written consent.

II. Purpose

The purpose of HB 499 is to prohibit a lender from disclosing credit insurance information to a replacing insurer regardless of when it obtained the information. The lender disclosure prohibition of HB 499 is limited to the disclosure of credit insurance information for the purpose of replacing the credit insurance. The lender disclosure prohibition of HB 499 merely prevents the dissemination of private financial information to credit insurance companies unless the borrower has consented in writing.

STANDING COMMITTEE REPORT

MARCH 12, 19 27

MR. PRESIDENT

BUSINESS AND INDUSTRY

We, your committee on.....

having had under consideration..... HOUSE BILL No. 499

THIRD reading copy (BLUE)
color

SANDS (READING)

PROHIBIT DISCLOSURE OF LOAN INFORMATION INVOLVING CREDIT INSURANCE

Respectfully report as follows: That..... HOUSE BILL No. 499

BE CONCURRED IN

~~XXXXXXXX~~

~~XXXXXXXX~~
~~DO NOT PASS~~

ALLEN C. KOLSTAD, Chairman.